

DOCKET SECTION

BEFORE THE  
POSTAL RATE COMMISSION  
WASHINGTON, D.C. 20268-0001

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POSTAL RATE COMMISSION  
OFFICE OF THE SECRETARY

POSTAL RATE AND FEE CHANGES, 1997

Docket No. R97-1

UNITED STATES POSTAL SERVICE  
INTERROGATORIES AND REQUESTS FOR PRODUCTION OF DOCUMENTS TO  
TIME WARNER, INC. WITNESS STRALBERG  
(USPS/TW-T1-24-29)

Pursuant to rules 25 and 26 of the Rules of Practice and Procedure and rule 2 of the Special Rules of Practice, the United States Postal Service directs the following interrogatories and requests for production of documents to Time Warner, Inc. witness Stralberg: USPS/TW-T1-24-29.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.  
Chief Counsel, Ratemaking

  
Eric P. Koetting

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon all participants of record in this proceeding in accordance with section 12 of the Rules of Practice.

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January 28, 1998

  
Eric P. Koetting

**Postal Service Interrogatories For TW Witness Stralberg.**

USPS/TW-TW1-24. Please refer to MPA-T-2, page 7. Witness Cohen states that in Docket No. R94-1, it was your testimony that IOCS, and in particular the LIOCATT cost distribution system, was "inadequate to distribute mail processing costs in the radically different operating environment of the 1990s."

- (a) Is witness Cohen's statement an accurate summary of your Docket No. R94-1 testimony, as it pertained to IOCS/LIOCATT? If not, please explain.
- (b) Please confirm that the mixed-mail distribution method you propose is identical to the LIOCATT method, except that you propose to implement witness Bradley's variability analysis via the formula provided at page 10 (line 19) of your testimony, and that you propose to carry out the distributions by office group (BMCs, MODS 1&2 and non-MODS) in addition to IOCS CAG stratum and basic function. If you do not confirm, please explain. If you believe there are additional differences, please provide a complete description of each additional difference.

USPS/TW-T1-25. Please refer to TW-T-1, Exhibit 1, page 2.

- (a) Please break down the "Stralberg" column of Table 1-1 into "direct mail," "mixed-mail," and "not-handling mail" components. Please also provide your response, and any supporting calculations, in electronic spreadsheet format.
- (b) Please isolate the effect of your proposed changes in mixed-mail distribution methodology by providing the cost distribution, broken down as in part (a) of this interrogatory, that would obtain if you distributed the IOCS tally costs "TC(l)" (TW-T-1, page 10) instead of the associated volume variable costs "PC(l)."

USPS/TW-T1-26. Please refer to TW-T-1 at page 34, and to USPS-LR-H-1, section 3.3 (especially 3.3.3 and 3.3.4.) You state that the Postal Service proposes to ignore "much more accurate distribution keys available to the Postal Service for distributing such costs [i.e., costs "migrated" from cost segment 3.3]."

- (a) Please confirm that the distribution keys to which you refer in the above quote are the distribution keys that implement the methodology described in USPS-LR-H-1, section 3.3.4. If you do not confirm, please explain fully.
- (b) Please confirm that your proposed distribution method for Cost Segment 3.3 would not alter the cost methodology described in USPS-LR-H-1, section 3.3. If you do not confirm, please explain fully. As necessary, please provide a detailed description of each difference between your proposed methodology and that described in USPS-LR-H-1, section 3.3, along with references to corresponding computer code and/or calculations in TW-LR-1.

USPS/TW-T1-27. Please refer to TW-T-1 at page B-7. You state that "6522 tally costs do not appear explicitly in the IOCS data base" for BMCs and Non-MODS offices.

- (a) Please confirm that activity code 6522 tallies are assigned uniform operation code 10, which corresponds to the administrative component (Cost Segment 3.3) in the IOCS-based separation of clerk and mailhandler costs.
- (b) Please confirm that activity code 6522 tallies (and the associated tally costs) do appear "explicitly" as part of the administrative tally sets for BMCs and Non-MODS offices. If you do not confirm, please explain.

USPS/TW-T1-28. Please refer to TW-T-1, Table B-6.

- (a) Does the distribution of activity code 6522 costs you present in Table B-6 allocate the activity 6522 costs among components approximately in proportion to the "Adjusted Non-6522 Costs"? If your answer is negative, please provide a table comparing your proposed activity code 6522 cost allocation to that which would result from a proportional allocation.
- (b) Assuming clerks or mailhandlers working in mail processing operations clock into and out of particular activities more frequently than their counterparts in window service and/or administrative activities, would it be reasonable to assign a larger portion of the 6522 costs to the mail processing component than would result from the proportional allocation? Please explain.

USPS/TW-T1-29. Please refer to TW-T-1, pages 27 and 29.

- (a) Please confirm that you hypothesize that clerks who are "no longer needed for manual [or mechanized] letter sorting but still in the system" are commonly assigned to platform and opening unit operations, and that they clock into those operations in order to get paid. If you do not confirm, please explain.
- (b) If you confirm part (a), does your hypothesis imply that the proportion of clerk costs in those operations should have increased over time? Please explain any negative response fully.
- (c) If you confirm part (a), does your hypothesis imply that the proportion of not-handling costs in those operations should have increased faster than average? Please explain any negative response fully.